



**BOARD OF EQUALIZATION
LEGISLATIVE COMMITTEE MEETING AGENDA
HONORABLE BETTY T. YEE, CHAIRWOMAN
450 N STREET, SACRAMENTO, ROOM 122
FEBRUARY 1, 2007, 9:30 AM**

Minutes

2007 Legislative Proposals

PROPERTY TAXES

2007 Legislative Proposals

Set forth below are suggestions for Property Taxes legislation to be sponsored by the Board in the first year of the 2007-2008 Legislative Session (see attachments). Additional suggestions will be included on the agenda for March 2007.

Old Business

Put over for a vote from November and December 2006 Legislative Committee Meetings

Suggestion Number

1-1

Amend Section 63.1 of the Revenue and Taxation Code to clarify that a property need only be *eligible* for the homeowners' exemption, and not actually receiving the exemption, to qualify for the change in ownership exclusion for principal residences between parents and children.

Source: Property and Special Taxes Department

Revenue Impact: None

Committee Recommendation: Adopt (4-0)

1-2 Amend Revenue and Taxation Code Section 69.5 to correct a technical error made by SB 555 (Ch. 264, Stats. 2005). (Technical)

Source: Property and Special Taxes Department

Revenue Impact: None

Committee Recommendation: Adopt (Consent)

1-3 Amend Section 215.1 of the Revenue and Taxation Code, related to the Veterans' Organization Exemption, to add a cross reference to the administrative procedure necessary to obtain the exemption.

Source: Property and Special Taxes Department

Revenue Impact: None

Committee Recommendation: Adopt (Consent)

1-4 Amend Sections 480 and 482 of the Revenue and Taxation Code to increase the maximum penalty cap from \$2,500 to \$10,000 for failure to file a change in ownership statement (except for property eligible for the homeowners' exemption) and amend Section 480.4 to remove the specific detail of the preliminary change of ownership report from statute and add Section 2188.25 to add legislative intent language to improve the administration of assessments made for leasehold (tenant) improvements.

Source: Honorable Betty T. Yee and Honorable Judy Chu

Revenue Impact: None

Committee Recommendation: Adopt (4-1)

BUSINESS TAXES SALES AND USE TAXES

2007 Legislative Proposals

Set forth below are suggestions for Sales and Use Taxes legislation to be sponsored by the Board in the first year of the 2007-2008 Legislative Session (see attachments). Additional suggestions will be included on the agenda for March 2007.

Old Business

Put over for a vote from November and December 2006 Legislative Committee Meetings

Suggestion Number

- 3-1** Expand Suggestion Number 3-1 of the November 20, 2006 agenda to further amend Section 6405 the Revenue and Taxation Code to broaden that exemption to include the first \$800 of tangible personal property purchased by individuals *from another state* (other than vehicles, vessels and aircraft) and personally hand carried into California within any 30-day period.

Source: Honorable Bill Leonard

Revenue Impact: Minimal

Committee Recommendation: Not adopt this suggestion (2-3)

Adopt Suggestion Number 3-1 from the 11/20/06 agenda (3-2): **Amend Section 6405 of the Revenue and Taxation Code to increase the use tax exemption for the amount of tangible personal property purchased in a foreign country and personally hand carried into this state from \$400 to \$800 to conform to changes in the federal duty-free exemption.**

- 3-2** **Amend Section 6478 of the Sales and Use Tax Law and Section 7659.7 of the Motor Vehicle Fuel Tax Law to provide appeal rights to taxpayers who have been assessed a 10 percent penalty for failure to make a prepayment in accordance with the law and that failure is due to negligence or intentional disregard for the law.**

Source: Sales and Use Tax Department
Special Taxes Department

Revenue Impact: None

Committee Recommendation: Adopt (Consent)

- 3-3** **Amend Section 7211 of the Bradley-Burns Uniform Sales and Use Tax Law to clarify that the Board of Equalization shall continue to enforce the Bradley-Burns ordinance of any city or city and county that levies a tax administered by the Board under the Transactions and Use Tax Law.**

Source: Legal Department

Revenue Impact: None

Committee Recommendation: Adopt (Consent)

- 3-4** **Amend Section 7252 and delete Sections 7252.5 through 7252.30 of the Transactions and Use Tax Law to simplify the definition of “districts.”**

Source: Legal Department

Revenue Impact: None

Committee Recommendation: Adopt (Consent)

- 3-5** **Add Section 7269 to the Transactions and Use Tax Law to provide for a limitation on redistributions of transactions and use taxes.**

Source: Legal Department

Revenue Impact: None

Committee Recommendation: Adopt (Consent)

New Business

**Suggestion
Number**

3-6 **Repeal Sections 7204.02, 7204.5, and 7208 of the Bradley-Burns Uniform Local Sales and Use Tax Law and Sections 7251.2 and 7271.05 of the Transactions and Use Tax Law as these sections were enacted to serve a specific purpose and that purpose has been accomplished. (Technical)**

Source: Legal Department and Legislative Section

Revenue Impact: None

Committee Recommendation: Adopt (Consent)

3-7 **Amend Section 7204.3 of the Bradley-Burns Uniform Local Sales and Use Tax Law to correct an erroneous term, and amend Section 7273 of the Transactions and Use Tax Law to add wording consistent with other subdivisions contained in Section 7273. (Technical)**

Source: Legislative Section

Revenue Impact: None

Committee Recommendation: Adopt (Consent)

3-8 **Repeal Sections 7286.28, 7286.40, 7286.47, 7286.56, and 7286.65 of the Transactions and Use Tax Law to eliminate special statutes that are redundant due to subsequent legislation that authorized cities to levy transactions and use taxes for general and special purposes. (Technical)**

Source: Legislative Section

Revenue Impact: None

Committee Recommendation: Adopt (Consent)

BUSINESS TAXES SPECIAL TAXES

2007 Legislative Proposals

Set Forth below are suggestions for Special Taxes legislation to be sponsored by the Board in the first years of the 2007-2008 Legislative Session (see attachments). Additional suggestions will be included on the agenda for March 2007

Old Business

Put over for a vote from November 2006 Legislative Committee Meeting

Suggestion Number

4-1 **Amend Section 30187 of the Revenue and Taxation Code to change the return due date for consumers owing excise taxes on purchases from out-of-state cigarette sellers to be consistent with the due date of their use tax liability.**

Source: Excise Taxes and Fees Division

Revenue Impact: None

Committee Recommendation: Adopt (Consent)

4-2 **Amend Section 30182 of the Revenue and Taxation Code to change the due date of the monthly report filed by cigarette distributors who pay on a twice-monthly basis to the same report due date as cigarette distributors paying on a monthly or weekly basis.**

Source: Excise Taxes and Fees Division

Revenue Impact: None

Committee Recommendation: Adopt (Consent)

- 4-3** **Amend Sections 9304 and 60653 of the Revenue and Taxation Code to delete the word “license” from the Use Fuel Tax Law and the Diesel Fuel Tax Law, respectively, to correct the wording change in the name of the Motor Vehicle Fuel Tax Law.**

Source: Fuel Taxes Division

Revenue Impact: None

Committee Recommendation: Adopt (Consent)

New Business

- 4-4** **Add Sections 7657.5 (Motor Vehicle Fuel Tax Law), 8880 (Use Fuel Tax Law), 11408.5 (Private Railroad Car Tax), 30285 (Cigarette and Tobacco Products Tax Law), 32258 (Alcoholic Beverage Tax Law), 38454.5 (Timber Yield Tax), 40105 (Energy Resources Surcharge Law), 41099 (Emergency Telephone Users Surcharge Law), 43159.1 and 43159.2 (Hazardous Substances Tax Law), 45158 (Integrated Waste Management Fee Law), 46159 (Oil Spill Response, Prevention, and Administration Fees Law), 50112.6 (Underground Storage Tank Maintenance Fee Law), 55045.1 and 55045.2 (Fee Collection Procedures Law), and 60210.5 (Diesel Fuel Tax Law) to the Revenue and Taxation Code to authorize the Board to provide relief of liability for an innocent spouse, if, in light of all the facts and circumstances, it is inequitable to hold that spouse liable for any unpaid tax, fee, or any deficiency (or any portion of either).**

Source: Honorable Betty T. Yee

Revenue Impact: None

Committee Recommendation: Adopt (Consent)

- 4-5** **Amend Section 22973 of the Business and Professions Code to establish a reinstatement fee for the retailer’s license required under the Cigarette and Tobacco Products Licensing Act of 2003 in order to encourage license renewal compliance.**

Source: Excise Taxes and Fees Division

Revenue Impact: None

Committee Recommendation: Adopt (4-1)

Discussion Only

- 4-6 Consider pursuing a legislative proposal to address potential changes to the Emergency Telephone Users Surcharge Law.**

Committee Recommendation: Discussion: Continue to monitor the progress of the Department of General Services (DGS) proposal. Bring back to the Board's Committee on Legislation the DGS-sponsored bill for possible Board support or co-sponsorship.

BOARD OF EQUALIZATION
BOARD COMMITTEE ON LEGISLATION
February 1, 2007

Attending: Honorable Betty T. Yee, Chair, -Honorable Bill Leonard, Honorable Michelle Steel, Honorable Judy Chu, , and Marcy Jo Mandel

PROPERTY TAXES

<u>Suggestion Number</u>	<u>Yee</u>	<u>Leonard</u>	<u>Steel</u>	<u>Chu</u>	<u>Chiang/ Mandel</u>	<u>Committee Recom.</u>
1-1	Y	Y	Y	Y	Not Participating	Adopt
1-2	CONSENT					Adopt
1-3	CONSENT					Adopt
1-4	Y	Y	N	Y	Y	Adopt

February 1, 2007

BUSINESS TAXES – Sales and Use Tax

<u>Suggestion Number</u>	<u>Yee</u>	<u>Leonard</u>	<u>Steel</u>	<u>Chu</u>	<u>Chiang/ Mandel</u>	<u>Committee Recom.</u>
3-1	N	Y	Y	N	N	Not Adopt
3-1 from 11/20/06 Agenda	Y	N	N	Y	Y	Adopt
3-2	CONSENT					Adopt
3-3	CONSENT					Adopt
3-4	CONSENT					Adopt
3-5	CONSENT					Adopt

BUSINESS TAXES – Sales and Use Tax

3-6	CONSENT	Adopt
3-7	CONSENT	Adopt
3-8	CONSENT	Adopt

BUSINESS TAXES – Special Taxes

<u>Suggestion Number</u>	<u>Yee</u>	<u>Leonard</u>	<u>Steel</u>	<u>Chu</u>	<u>Chiang/Mandel</u>	<u>Committee Recom.</u>
4-1	CONSENT					Adopt
4-2	CONSENT					Adopt
4-3	CONSENT					Adopt
4-4	CONSENT					Adopt
4-5	Y	Y	N	Y	Y	Adopt
4-6	Continue to monitor the progress of the Department of General Services (DGS) proposal. Bring back to the Board's Committee on Legislation the DGS-sponsored bill for possible Board support or co-sponsorship.					

Approved: /S/ Betty T. Yee
Ms. Betty T. Yee, Chair
Board Legislative Committee

/S/ Ramon J. Hirsig
Ramon J. Hirsig, Executive Director

BOARD APPROVED

at the February 1, 2007 Board Meeting

/S/ Gary Evans
Gary Evans, Acting Chief
Board Proceedings Division